



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

June 27, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

PRELIMINARY REPORT – AMENDMENTS TO THE MERGED CENTRAL BUSINESS DISTRICT AND WEST END REDEVELOPMENT PROJECTS - CITY OF AZUSA (FIRST DISTRICT)

Consistent with Board policy and direction, we are advising your Board that the City of Azusa has sent us the Preliminary Report for the proposed Amendments to the Merged Central Business District and West End Redevelopment Project Areas. The Preliminary Report includes the following information:

- Map of Project Area (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The Agency proposes to: 1) replace the two Redevelopment Plans with one amended and restated Redevelopment Plan covering the two projects collectively; and 2) add 15 new territories, which include three parcels of County unincorporated land, to the Central Business District Redevelopment Project. Your Board adopted Ordinance No. 2001-006 on January 16, 2001, which authorized the Agency to include the County parcels in a proposed amendment. Your Board will need to adopt an additional ordinance approving the redevelopment plan for the unincorporated land after the Agency has adopted the Amendments.

Each Supervisor
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In addition, the Agency proposes to amend the Redevelopment Plans to: 1) increase the combined tax increment limit; 2) increase the combined bonded indebtedness limit; 3) extend as necessary the duration, debt establishment, and debt repayment time limit; and 4) reestablish a time limit on undertaking eminent domain proceedings to acquire property within the Central Business District and West End Redevelopment Project Areas.

This office conducted a preliminary analysis of the project, which included a conference call with the Agency, site visits, and an initial review of the Agency's Preliminary Report. Based on this preliminary analysis, this office has the following concerns: 1) the Agency is proposing to increase the combined tax increment limit for both projects without meeting redevelopment law requirements and obtaining your Board's written approval (required per existing Pass-Thru agreements), and 2) the Agency has proposed including new areas that do not appear to meet blighting condition requirements consistent with redevelopment law.

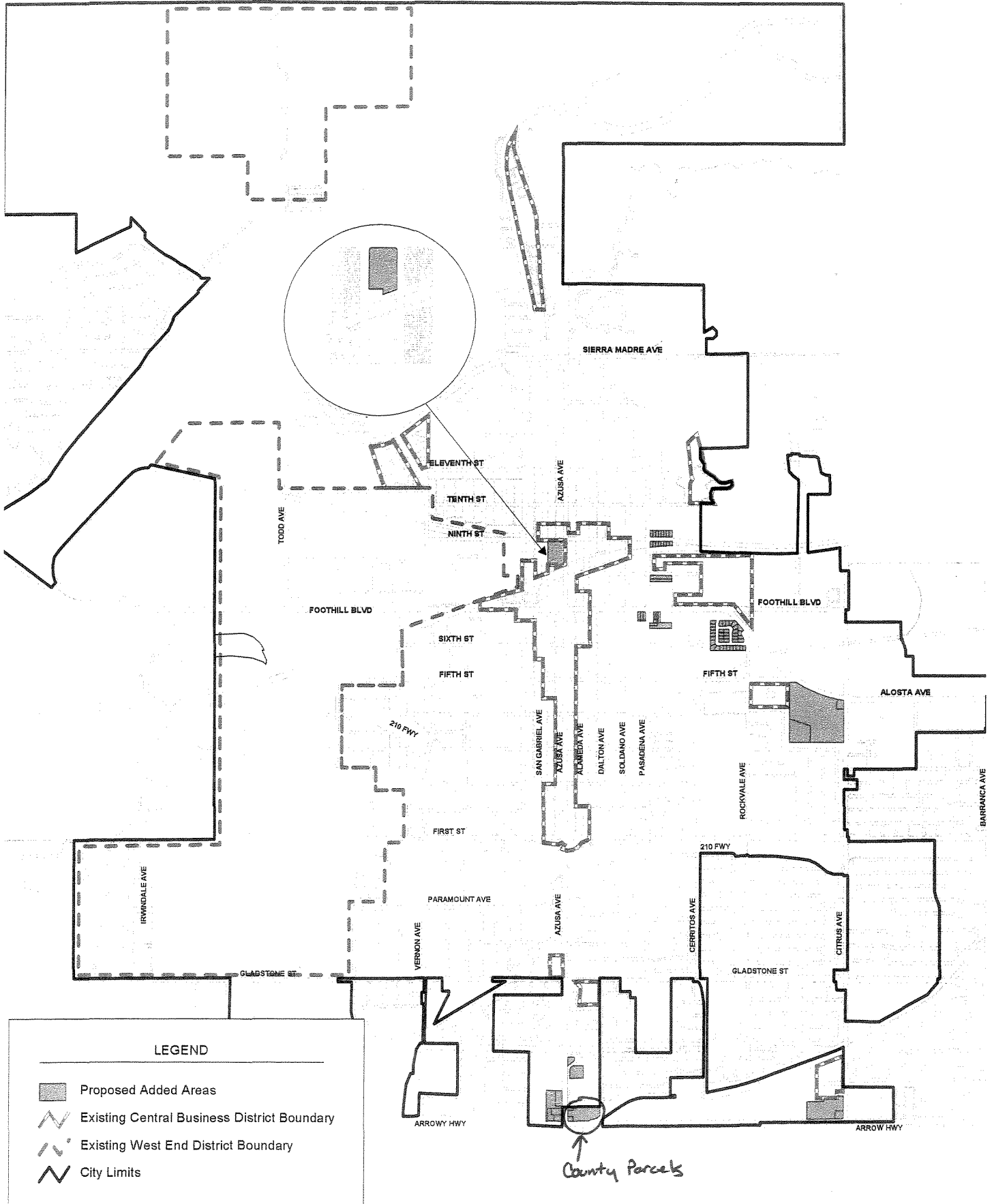
Thus, CAO staff will work closely with County Counsel to conduct a thorough review of the Preliminary Report and project area, and will work with Agency staff to try to resolve any concerns that emerge from our review. If it is determined that our concerns cannot be resolved, it may be necessary to submit written objection to the Agency's proposal at their Public Hearing to preserve the County's rights to consider any subsequent action. The Agency had originally scheduled the Public Hearing to adopt the proposed Amendments for June 30, 2003. Subsequently, the Agency indicated they would continue the Public Hearing to July 8, 2003 due to procedural oversights. Most recently, the Agency has indicated that the nature of the oversights will require continuing the matter to September 2, 2003. I will continue to keep your Board updated on this matter.

If you have any questions, please call me, or your staff may call Jerry Ramirez of my office at (213) 974-4282.

DEJ: LS
MKZJR:nl

Attachments

c: County Counsel
Auditor-Controller



PROJECT AREA DESCRIPTION
PHYSICAN AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

Physical and Economic Blight Conditions:

The following is a brief list of the physical and economic blight conditions that are described in the Agency's Preliminary Report for the Project Area:

- Numerous vacancies
- Rehabilitation of apartment complexes
- Criminal activity
- Major code violations
- Exposed wiring
- Deferred maintenance
- Substandard exterior plumbing
- Obsolescence
- Irregularly-shaped parcels
- Stagnant property values

LIST OF ESTIMATED PROGRAM COSTS (1)
(From Agency's Preliminary Report)

Item or Program	Amount
Economic Development	\$42,300,925
Public Infrastructure and Improvements	\$210,000
Housing	\$9,053,000
Administration	\$924,000
TOTAL COSTS	\$52,487,925

(1) Estimated in 2003 dollars.

IMPACT ON COUNTY GENERAL FUND

Limits of Plan – Added Areas

- **Incurring Debt:** 20 Years
- **Redevelopment Activities:** 30 Years
- **Limitations on Collection of Tax Increment:** 45 Years

Estimated Project Revenues

- **Assumed Annual Real Property Growth Rate:** 4%
- **2002-2003 Base Year Assessed Valuations:** \$49,270,252
- **Gross Estimated Increment (45-Year Collection):** \$38,417,285
- **Housing Set-Aside (20% Minimum):** \$7,683,457
- **County General Fund Revenue With Project:** \$6,168,064
- **County General Fund Revenue Without Project:** \$4,318,506 - \$12,266,547
- **Net Difference to County General Fund:**
(\$6,098,483) - \$1,849,558
- **Net Present Value Difference to County General Fund:**
(\$2,042,486) - \$360,177

* Note: Estimated impact to County General Fund is based on comparing County General Fund revenue **with the proposed project**, based on the Agency estimate of growth, with County General Fund revenue **with no project**. The “no project” scenario includes a range of assumptions, from: a conservative 2% annual growth in the area to a more aggressive 4% annual growth plus construction envisioned by Agency as part of the proposed project. In other words, as the County is unable to estimate what will occur in the project area without a project, the “no project” scenario ranges from an assumption that minimal activity would occur in the area without the project (in which case the County would actually benefit from adoption of the project), to an assumption that project-related development and increased values would occur even without adoption of the project. County General Fund losses in this more aggressive scenario would be significant.